



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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August 9, 1996

TO: Minerals File

FROM: Tom Munson, Reclamation Hydrologist *TM*

RE: Agency Action, Jumbo Mining Company/Western States Mineral Corporation, Drum Mine, M/027/007, Millard County, Utah

**Note:** *Italicized text taken from DOGM (March 27, 1996) file memo which summarized the minutes of the March 19, 1996 joint agency meeting at DOGM offices.*

*On March 19, 1996, staff from the Division of Oil, Gas and Mining, the Division of Water Quality, and the Bureau of Land Management (see attached attendance list) met to discuss the status of operations at the Drum Mine, located in Millard and Juab Counties, Utah. This meeting was arranged by the Division for the purpose of discussing mutual permitting concerns, sharing information, exploring various regulatory options and related avenues that could be pursued to update permitting processes associated with the Drum Mine.*

*The Division expresses its concern with the continued state of suspended mining activities at the site (now exceeding 5 years) and our concern over the continued deterioration of the Mine and associated facilities. The Division offered the possible option of using a non-compliance enforcement action to require the permittee(s) to commence reclamation of their respective disturbed areas held under separate permit and bond within a specified time frame.*

The purpose of this memo is to summarize the present status of regulatory actions/activities that have taken place (jointly or independently) since the March 19, 1996 meeting. This memo will also outline/recommend a possible course(s) of action to be pursued by this Division to bring about an appropriate resolution to the outstanding permitting concerns and conditions associated with the Drum Mine. A condensed version of the permitting history is outlined below to serve as an introduction and provide some basic background information on the project.

The Drum Mine was originally permitted by Western States Minerals Corporation (WSMC) and approved by the Division of Oil, Gas and Mining (DOGM) in November of 1983. The permit was subsequently amended which resulted in the filing of a \$264,080 reclamation bond by WSMC in 1986. Jumbo Mining Company (JMC) purchased the Drum Mine properties from WSMC in October of 1988. Jumbo initiated the process to acquire WSMC's existing permit, but ultimately only permitted a portion of WSMC's permit through a partial permit transfer. Western States retained reclamation responsibility for that portion of the original permit which JMC did not transfer (@43 acres). Jumbo Mining Company subsequently amended their partially transferred WSMC permit to include some additional disturbed areas. A separate \$165,000 reclamation surety was posted by JMC and approved by the Division in



August of 1989. Subsequent litigation and trial in the Colorado courts, between WSMC and JMC over disputed reclamation responsibilities, has resulted in a court order directing JMC to assume full reclamation and surety responsibility for the Drum Mine. To date, JMC has not complied with this directive and has filed an appeal to the Colorado court's decision. The Division continues to hold both reclamation sureties from WSMC and JMC. Both operators remain responsible for reclamation of their respective portions of the Drum Mine site.

Heap leaching activity was suspended on October 1, 1990, when the State Division of Water Quality required JMC to terminate leaching operations because of questionable liner integrity. Since that time, the mine has sat idle and the overall site conditions have deteriorated due to inactivity. Continued deterioration and improper maintenance of the site ultimately resulted in the filing of a non-compliance action against JMC in March of 1995. JMC corrected the non-compliance issues requiring immediate attention. However, interim maintenance concerns associated with the inactive heaps and ancillary processing facilities remain unresolved.

*Before the enforcement option is exercised, it was agreed that the regulatory agencies need to perform a complete examination of their respective files on the Drum Mine. Each agency would prepare a draft document summarizing any outstanding permitting issues/concerns and outline the agency's respective position on each issue. These draft summary documents would then be copied to the coordinating agencies for review and comparison with their agency's records. A meeting would follow to discuss the resolve any differences or conflicts in the file records/critical issues. A tentative time frame of 30-45 days was established for each agency to complete the records review and prepare a draft summary and position document. Appointed agency representatives would meet by May 1, 1996, to discuss and agree on records.*

No follow-up meeting has taken place to date, but file summaries and additional correspondence have recently been received from the Division of Water Quality (DWQ) and the Bureau of Land Management (BLM). Copies of the supporting documents are attached. A brief summary of the more recent correspondence and regulatory positions is summarized below.

May 1, 1996 Drum Mine Chronology - (from Design Evaluation Section file)

May 13, 1996 letter from DWQ to JMC stating that they are coordinating with other state and federal agencies to decide on the appropriate course of action to resolve the issue of groundwater discharge. They stated in that letter that JMC could submit a ground water permit application and supply a schedule for future operation of the mine.

June 7, 1996 Site Inspection Memorandum

July 12, 1996 letter addressing the adequacy of JMC's response to DWQ on June 10, 1996.

Bureau of Land Management

June 6, 1996 Draft Drum Mine Chronology was received on June 6, 1996.

A final chronology and site inspection memo was received on July 9, 1996.

A letter was sent to Mr. King on August 1, 1996, giving Mr. King 45 days to demonstrate that all necessary permits have been obtained from DWQ for construction of a new heap. An alternative would be to submit an interim maintenance plan for the site. If one of these actions is not completed, then a record of Non-Compliance for failure to comply with the BLM's original March 10, 1995 Notice of Noncompliance will be established.

*An onsite joint agency inspection would follow. This inspection was tentatively scheduled for the week ending May 17, 1996. The inspection would be used to perform an in-depth field survey of onsite conditions against the approved permits and file summaries. Any necessary adjustments to the respective file summaries/reports would follow with final drafts completed by May 31, 1996. A follow-up meeting would be scheduled for June 14, 1996, to discuss final drafts and agency enforcement positions. The Division's final decision to proceed ahead with the issuance of a Notice of Agency Action would follow shortly thereafter.*

On June 6, 1996, a joint site inspection was performed by staff members from the Bureau of Land Management (BLM), DWQ, and DOGM. The primary purpose was to review the current site conditions and status of the operations. Mining and gold processing activities remain suspended. Follow-up site inspection memos were generated by the respective agencies (copies attached). Basically, a summary of the visit revealed that nothing had changed in regards to mining or reclamation at the site since our last visit. We discovered some (old) disturbances associated with drilling projects apparently carried out by WSMC that were not reclaimed. In addition, there are some outstanding sampling issues as identified which need to be resolved from a December 13, 1995 letter from the BLM to JMC. During our inspection and again by Division memo dated June 13, 1996, we requested updated information from JMC (map and itemized checklist) describing the existing surface facilities at the mine site.

On June 19, 1996, the Division received a letter from legal counsel representing WSMC, demanding that the Division transfer the remaining portions of the Drum Mine permit from WSMC to JMC, and release WSMC's reclamation bond. Western gave the Division 45 days to act upon their request or they would file a formal petition before the Board of Oil, Gas and Mining.

No follow-up meeting took place due to the fact that field work and work loads did not allow people to reconvene, therefore phone conversations and e-mail messages have transpired in order that a consensus of what was needed in terms of agency action could take place. The BLM staff members have expressed their opinion that a meeting might be necessary to compare important documents since all agencies may not have all pertinent documents.

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At this time, based upon the lack of further formal action by JMC to reactivate mining activities or commence reclamation at the Drum Mine, and because of the deteriorating conditions found at the site, it is the decision of all the agencies involved that the site should be reclaimed if no further mining is going to occur and any environmental problems associated with the site be remediated. This decision is supported by language found in the BLM's letter of July 19, 1996 and DWQ's letter of July 12, 1996 of which both are attached. The Division will transmit a Division Directive requiring reclamation of the site.

vb  
Attached  
JUMBO.LET

Drum 3-19-96

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